

CITY OF PRYOR CREEK, OKLAHOMA

FINANCIAL STATEMENTS

JUNE 30, 2021

**HOOD & ASSOCIATES CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS
CLAREMORE, OKLAHOMA**

**CITY OF PRYOR CREEK
TABLE OF CONTENTS
FINANCIAL STATEMENTS
JUNE 30, 2021**

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	
Part I	3
Part II	11
Statement of Net Position (Statement 1)	19
Statement of Activities (Statement 2)	20
Balance Sheet, Governmental Funds (Statement 3)	22
Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds (Statement 4)	24
Statement of Net Position, Proprietary Funds (Statement 5)	27
Statement of Revenues, Expenses and Changes in Net Position, Proprietary Funds (Statement 6)	28
Statement of Cash Flows, Proprietary Funds (Statement 7)	29
Notes to Basic Financial Statements - Index	31
Notes to Basic Financial Statements	32
Required Supplementary Information	65
Required Supplementary Information - Pension Plan Funding Progress	66
Required Supplementary Information	70
Budgetary Comparison Schedule, General Fund	71
Other Supplementary Information	73
Combining Balance Sheet - Non-Major Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	75
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	76
Schedule of Findings and Responses – Prior Year	78
Schedule of Findings and Responses – Current Year	79



Independent Auditor's Report

Board of Trustees
City of Pryor Creek, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Pryor Creek, Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pryor Creek, Oklahoma, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HOOD & ASSOCIATES CPAs, P.C.

5350 E 46th, Suite 100, Tulsa, OK 74135 918-747-7000 Fax 918-743-7525 www.hoodcpas.com
1821 SE Washington Blvd., Bartlesville, OK 74006 918-336-7600 Fax 918-331-7600
323 W 1st St., Claremore, OK 74017 918-341-1930 Fax 918-342-3183
2310 N Hwy 66, Suite A, Catfish, OK 74015 918-739-4662 Fax 918-739-4664

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

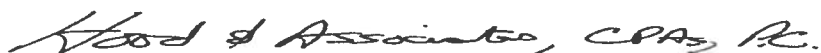
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pryor Creek, Oklahoma's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022, on our consideration of the City of Pryor Creek, Oklahoma internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Pryor Creek, Oklahoma internal control over financial reporting and compliance.



Hood & Associates CPAs, PC

July 13, 2022

**CITY OF PRYOR CREEK, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2021**

The discussion and analysis of the City of Pryor Creek's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the accompanying basic financial statements.

This discussion is divided into two parts. The first pertains to the entire City of Pryor Creek overall with very little detail to the Municipal Utility Department, a department of the City of Pryor Creek. The second part pertains to the Municipal Utility Department, which was created by the Charter for the City of Pryor Creek and operates under the Utility Board of five members as explained in the notes to the financial statements.

PART I

WHO WE ARE

As of June 30, 2021, the mayor, council members, clerk and treasurer, all of whom are elected, consisted of the following:

Mayor	Larry Lees
Council Members	Steve Smith Randy Chitwood Bethany Moore John Ketcher Zac Doyle Jill White Choya Shropshire Dennis Nance
Clerk	Eva Smith
Treasurer	Lois Thompson

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the City's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, fire, library, streets, etc.	Activities the City operates similar to private businesses such as utilities and the golf course
Required financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety activities, streets, cultural, library, parks and recreation activities and general government activities. The business-type activities of the City include utilities and a golf course.

A component unit is included in the basic financial statements and consists of a legally separate entity for which the City is financially accountable and that has the same governing board as the City. This blended component unit is the Pryor Public Works Authority. The County Wide Fire Department Fund is also blended into the financial statements.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Street and Drainage and the Recreation Center Construction Fund, which are considered to be major funds. Data for the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund and some of its special revenue funds and capital project funds. A budgetary comparison statement has been provided for the General Fund and the Street and Drainage Fund in the basic financial statements.

The governmental funds financial statements can be found on Statements 3 and 4 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide separate information for the utility and golf course operations. Combining schedules for the proprietary funds are presented in the supplementary information.

The proprietary funds financial statements can be found at Statements 5, 6, and 7 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements 1 and 2 reflect an increase in net position of \$288,401, consisting of:

	<u>6/30/2021</u>	<u>6/30/2020</u>	Increase (Decrease)
Invested in capital assets, net of related debt	\$65,937,284	\$64,859,491	\$ 1,077,793
Restricted for capital projects and emergencies	18,252,668	19,448,177	(1,195,509)
Restricted for debt service	1,134,768	560,878	573,890
Restricted for other	4,152,165	4,406,266	(254,101)
Unrestricted	<u>7,590,573</u>	<u>7,504,245</u>	<u>86,328</u>
Total	<u>\$97,067,458</u>	<u>\$96,779,057</u>	<u>\$ 288,401</u>

The overall increase of \$288,401 is considered relatively healthy, especially since unrestricted net position increased.

The decrease in "Restricted for Debt Service" is due to the fact the money collected for debt services covered the debt payment with a small amount remaining.

The decrease in "Restricted for Capital Projects and Emergencies" is due mainly to the construction activity utilizing bond funds reserved for such purpose.

The “Restricted for Other” for all except the Municipal Utility Department consists of funds for special functions such as Street and Drainage, Rec Center, Golf Course, Fire, Library, etc. This is mainly due to lack of spending because of the onset of the COVID-19 pandemic.

The increase in “unrestricted” of \$86,328 represents a 1.2% increase from the prior year balance and is considered outstanding, as these funds are unrestricted to usage as the name indicates. Of primary importance is the General Fund which will be discussed in Statements 3 and 4 next.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Statements 3 and 4 generally represent a “cash flow” of the funds, as loan proceeds and payments are recorded as income and expenditures respectively and capital outlay as expenditures. Also, no depreciation is reflected as an expense. The main difference to a true “cash flow” is that the operating receivables and payables are reflected on such statements.

The General Fund is the main governmental fund, as it pays for almost all of the operating expenses of the City. The fact that it increased its fund balance by \$138,558 from \$4,138,695 to \$4,277,523 is excellent. This, combined with a \$274,384 increase at 6/30/2020, means that the General Fund balance has increased \$412,942. What makes it more remarkable is that the increase is in spite of an increase in public safety spending at \$750,652.

The simple explanation for the increase is a substantial increase in revenues as shown below.

	Revenues <u>6/30/21</u>	General Fund Revenues <u>6/30/20</u>	Increase (Decrease)
Sales tax	\$ 4,510,486	\$ 4,467,467	\$ 43,019
Use tax	1,026,603	1,002,840	23,763
Other taxes	225,013	209,232	15,781
Police fines	165,252	189,341	(24,089)
Licenses and permits	116,964	102,957	14,007
Franchise taxes	38,426	35,980	2,446
Fees and service	66,379	79,125	(12,746)
Interest	7,530	21,222	(13,692)
Miscellaneous	27,940	38,236	(10,296)
Grants and contributions	208,104	70,329	137,775
Transfer from MUB	775,200	775,200	--
Other transfers	506,163	--	506,163
Reimbursement	<u>240,019</u>	<u>256,930</u>	<u>(16,911)</u>
Totals	<u>\$ 7,914,079</u>	<u>\$ 7,248,859</u>	<u>\$ 665,220</u>

Total overall revenue was stagnant. There were fluctuations of individual categories. Sales tax increased significantly. Police fines decreased, as well as use tax. MUB transferred less as per charter required calculations. COVID-19 has probably affected revenues, but no determination has been made as to exactly how.

Municipal Utility Department See Part II of this discussion.

GENERAL FUND BUDGETARY

The following Table 3 presents a summary analysis of the General Fund budget and actuals for the current fiscal year.

TABLE 3
CITY OF PRYOR CREEK
SUMMARY ANALYSIS OF GENERAL FUND BUDGET
FISCAL YEAR ENDING JUNE 30, 2021

<u>Category</u>	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
Revenue				
Sales tax	\$ 3,926,974	\$ 3,926,974	\$ 4,549,379	\$ 622,405
All other taxes	1,179,382	1,179,382	1,135,876	(43,506)
All other revenues	<u>793,960</u>	<u>793,960</u>	<u>966,013</u>	<u>172,053</u>
Total revenues	<u>5,900,316</u>	<u>5,900,316</u>	<u>6,651,268</u>	<u>750,952</u>
Expenditures				
General government (1)	3,398,071	3,378,071	1,323,969	2,054,102
Public safety (2)	5,407,402	5,427,402	5,409,717	17,685
Cultural and recreation services (3)	<u>1,227,152</u>	<u>1,227,152</u>	<u>1,047,477</u>	<u>179,675</u>
Total expenditures	<u>10,032,625</u>	<u>10,032,625</u>	<u>7,781,163</u>	<u>2,251,462</u>
Total excess (deficiency) of revenues over expenditures	(4,132,309)	(4,132,309)	(1,129,895)	3,002,414
Other financing sources (uses)				
Transfers in	952,242	952,242	1,281,363	329,121
Beginning fund balance	<u>3,180,067</u>	<u>3,180,067</u>	<u>3,192,907</u>	<u>12,840</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,344,375</u>	<u>\$ 3,344,375</u>

(1) Includes General Government, City Clerk, City Treasurer, City Attorney and Planning and Zoning, and Building Inspector, Maintenance Garage and Flood Plain Board

(2) Includes Municipal Court, Police, Fire, Dog Pound and Civil Emergency Management

(3) Includes Parks, Pool, Library and Cemetery

The basis of accounting for budgetary purposes for the General Fund is the modified accrual, i. e., revenues are recognized when received and expenses are recognized when encumbered.

The budget method authorized by Oklahoma Statute adopted by the City for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the beginning of the fiscal year plus 90% of its revenues for the year just ended. An exception to this is that 100% of the funds budgeted by the Municipal Utility Department to be transferred to the City's General Fund in accordance with the City Charter is budgeted.

The budgetary fund balance is reconciled to the balance sheet fund balance in the Required Supplementary Information.

Generally, the City attempts to prepare a budget that will result in a small positive increase in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's governmental investment in capital assets as of June 30, 2021 amounted to \$42,954,102 (net of accumulated depreciation and exclusive of related debt). This investment, detailed in Note 3.D. to the financial statements, in a broad range of capital assets includes land, structures and improvements, equipment, and construction in progress.

I invite you to review Note 3.D Capital Assets to the Financial Statements, which is included herein and details the capital asset activity. Also, see Part II for further discussion concerning the Municipal Utility Department.

Long-term Debt

Long-term debt has already been discussed in this report.

Additional information on long-term debt is included in Note 3.G to the financial statements.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

The City's major governmental sources of revenues, sales and use tax, has increased in the past two years. A smaller increase is expected in future years.

Other than having to address financial problems for the Golf Course, all other funds appear to be healthy.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This managements' discussion and analysis is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please contact the City of Pryor Creek at (918) 825-0888.

PART II

WHO WE ARE

The Municipal Utility Department, City of Pryor Creek Oklahoma was created by the Pryor Creek City Charter in 1951. The current five-person board is listed below.

Chairman:	Mr. Garry J. Harris
Vice-Chairman:	Mr. Mark Roberts
Secretary:	Ms. Lorri Mitchell
Member:	Dr. Ken Rains
Member:	Dr. Arthur Sixkiller

The Utility Board has the care, custody, and management of the existing electric system, water system, gas distribution system, street lighting system, and sewage disposal system and may enlarge and extend them under the guidelines of the City Charter. The Board has under its control, the complete operation of these utilities and such other as the people of the City of Pryor Creek may acquire. All of these utilities shall be collectively known as the Municipal Utility Department.

The Utility Board shall employ all persons necessary in the operation of the utilities and fix their salaries, condition of servitude, and terms of office, and shall adopt such rules and regulations, as it may deem necessary for the proper conduct of business.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (page 12) and Statement of Revenues, Expenses and Changes in Net Position (page 13) document the income and expenses (on a full accrual basis) of the Utility Board for the current fiscal year, and how they affect the Net Position of the Board. Net Position are ALL assets of the Board less ALL liabilities.

The Statement of Cash Flows (page 14) documents the sources and uses of cash, and shows whether cash increased or decreased during the current fiscal year. Notes to the financial statements (page 16) provide additional detail that further explain information found in the various statements.

FINANCIAL SUMMARY

The following presents the management overview and analysis of the Municipal Utility Board's financial condition and performance for the fiscal years ended June 30, 2020 and June 30, 2021, and proposed projects for fiscal year ending June 30, 2022.

For the years ended, Net Position changed as follows:

	June 30, <u>2021</u>	June 30, <u>2020</u>
Beginning net position	\$39,371,600	\$37,875,016
Increase in net position	<u>1,377,158</u>	<u>1,496,584</u>
Ending net position	<u>\$40,748,758</u>	<u>\$39,371,600</u>

Included in net position are amounts reserved for specific long-term purposes. The following reserve accounts have been funded by excess revenues over several fiscal years.

	June 30, <u>2021</u>	June 30, <u>2020</u>
Reserve for extension, capital improvements	\$ 1,533,463	\$ 1,339,663
Reserve for emergency and natural disasters	<u>1,200,000</u>	<u>1,200,000</u>
	\$ 2,733,463	\$ 2,539,663
Reserve for capital improvements from sales Tax. This reserve is funded by \$0.005 sales tax and interest revenue. This account is used to fund the Wastewater Treatment Plant Depreciation Account; excess funds will be used for utility tensions.	<u>7,043,141</u>	<u>6,805,811</u>
Total	<u>\$ 9,776,604</u>	<u>\$ 9,345,474</u>

The primary source of revenues generated by the board are sales of utilities to its customers. Revenues are as follows:

	June 30, <u>2021</u>	June 30, <u>2020</u>
Operating revenues	\$13,942,652	\$13,210,922
Sales tax revenue	1,202,796	1,191,325
Interest income	84,621	124,544
Gain on asset disposal	10,282	31,660
Grant income	<u>39,997</u>	<u>--</u>
Total revenues	<u>\$15,280,348</u>	<u>\$14,558,451</u>

Utilities are purchased and then resold to Municipal Utility Board Customers. The annual cost of purchased utilities is \$6,648,321 and \$7,250,889 for the fiscal years ending June 30, 2020 and June 30, 2021 respectively.

Expenses are as follows:

	June 30, <u>2021</u>	June 30, <u>2020</u>
Operating expenses	\$13,127,990	\$12,286,667
Loss on asset disposal	<u> -- </u>	<u> -- </u>
Total expenses	<u>\$13,127,990</u>	<u>\$12,286,667</u>

Percentages by expense category are as follows:

	June 30, <u>2021</u>	June 30, <u>2020</u>
Purchased utilities	55%	54%
Payroll and related expenses	30%	31%
Operation, maintenance and other	<u>15%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

The resulting net income before contributions and transfer is \$2,271,784 and \$2,152,358 for the fiscal years ending June 30, 2020 and 2021 respectively. The Board transfers to the City of Pryor Creek General fund an agreed upon amount of \$775,200. The amounts for 2020 and 2021 were both this amount, as is the projected amount to be transferred for the fiscal year ending June 30, 2022.

DEPARTMENT ACCOMPLISHMENTS

ADMINISTRATIVE DEPARTMENT

Fiscal Year Ending June 30, 2021

1. Entered into an agreement with Adcomp Systems, Inc. for the purchase of J.A.C.K., Justified Automated Collection Kiosk, at the drive-through. (Approved September 21, 2020; reimbursement received October 20, 2020 from City of Pryor Creek CARES ACT funding)
2. Replaced Smartboard in Municipal Utility Board room (reimbursement from Grand River Dam Authority COVID-19 Pandemic Customer Assistant Funding Support)
3. Added mobile service order devices in all field crew vehicles
4. Added security cameras to the warehouse employee parking area
5. Upgraded warehouse security camera system

6. Updated and enlarged the equipment shed at the warehouse
7. Implemented cash handling policy and enhanced utility clerk support training

Proposed Projects for Fiscal Year Ending June 30, 2022

1. Explore/cost analysis of electronic scanning of Municipal Utility Board documents beginning 1951
2. Explore/cost analysis HP large format plotter printer/scanner for GIS mapping (GIS/Network Administrator)
3. Explore/cost analysis map room computer and 50-inch flat screen TV/monitor (GIS/Network Administrator)
4. Integrate GIS mapping system with SCADA systems, utility billing software and foreman's vehicles
5. Explore/cost analysis to add an e-statement option and late message text alerts with payment options that is compatible to Tyler Technologies In-code software
6. Explore/cost analysis to add a Human Resource Administrator
7. Explore/cost analysis to add a Finance Administrator

GAS DEPARTMENT

Fiscal Year Ending June 30, 2021

1. New construction and replacement projects in the Gas Department funded out of operating funds in the amount of \$118,111
2. Extended two-inch gas main on North Mayes Street
3. Changed steel riser to anodeless risers on North Orphan and North Ora Street
4. Built new two-inch gas main for new First Church of God on 1500 East Graham
5. Built new two-inch and four-inch poly gas main at "The District" to the generator and "Fat Toad" building
6. Extended new four-inch poly gas main four thousand feet on North 433 Road
7. Extended a new four-inch poly gas main and a new two-inch poly gas main on Keels Road

8. Built new two-inch poly gas main on Southeast 6th Street
9. Built new two-inch poly gas main for new strip mall at 5317 S Mill Street
10. Rebuilt and upgrade City Gate #1
11. Installed a new four-inch poly gas main on 49th Street and Ivy Ridge

Proposed Projects for Fiscal Year Ending June 30, 2022

1. Purchase new USDI's (Utility Safety & Design, Inc) 192.GIS compliance tool for more efficient record keeping of Natural Gas Department and to assist in OCC (Oklahoma Corporation Commission) audits
2. Upgrade regulator station at Southeast 17th Street and South Elliott Street in an agreement with Koons Gas Measurement
3. Replace six-inch high-pressure steel (sixty pound) gas line with six-inch high-pressure poly (sixty pound) gas line on Adair Street from Southeast 5th Street to Southeast 9th Street
4. Replace two-inch low-pressure steel gas line with two-inch low-pressure poly gas line on Adair Street from Southeast 5th Street to Southeast 9th Street.
5. Replace two-inch low pressure steel gas line with two-inch low pressure poly gas line on the east side of Surrey Drive
6. Replace six-inch steel natural gas line with six-inch poly natural gas line from West of swimming pool (315 Park Street) to Elliott Street
7. Perform annual gas leak survey
8. Change steel risers to anodeless on Northeast 1st First Street and North Fairland and East Manor Additions

WATER DEPARTMENT

Fiscal Year Ending June 30, 2021

1. New construction and replacement projects in the Water Department funded out of operating funds in the amount of \$90,669
2. Replaced six-inch water main at Southeast 14th Street and Colonial Drive
3. Built new six-inch water main from Strawhun Road to PHB Growers and set one fire hydrant

4. Extended new service to property inside city limits on west side of Highway 69 at Southeast 49th Street
5. Built new service to 1500 Northeast 1st Street for new First Church of God

Proposed Projects for Fiscal Year Ending June 30, 2022

1. Replace eight-inch water line on North Whitaker from Northwest 1st Street to Northwest 5th Street
2. Replace eight-inch water line on Northwest 3rd Street from Taylor Street to Mayes Street
3. Replace four-inch water line with six-inch water line in "The Meadows"
4. Replace six-inch water line on South Pine Street
5. Contract Infrastructure Solutions Group LLC to complete a Water System Improvements and Hydraulic Analysis Engineer Study

WASTEWATER COLLECTION SYSTEM

Fiscal Year Ending June 30, 2021

1. New construction and replacement projects in the Wastewater Collection Department funded out of operating funds in the amount of \$17,013
2. Replaced four-inch sewer main with a six-inch sewer main in the 300 block of North Vann Street

Proposed Projects for Fiscal Year Ending June 30, 2022

1. Replace six-inch sewer main 314 and 316 South Elliott Street
2. Upgrade lift station on Ni-Pak Road
3. Upgrade lift station at Elks Lodge
4. Implement SCADA System to all lift stations
5. Install natural gas generator at Southridge Lift Station
6. Extend new service on North 69 Highway, Giles Property, to Old Airport Road

WASTEWATER TREATMENT PLANT

Fiscal Year Ending June 30, 2021

1. The Wastewater Treatment Plant major repairs and replacement of equipment are funded from the \$0.005 Sales Tax Reserve Capital Improvement Account.
2. Installed eighteen-inch (18") McCrometer Flow Meter
3. Added 2021 John Deere Tractor 5055E with canopy, 520M loader and MX 6 lift-type rotary cutter

Proposed Projects for Fiscal Year Ending June 30, 2022

1. Upgrade controls/SCADA system at the Wastewater Treatment Plant and Southeast 9th Street lift station
2. Install MOD BU to upgrade the eighteen-inch (18") McCrometer Flow Meters
3. Renovation of Southeast 9th Street Lift Station and lagoons
4. Conduct engineer study of Wastewater Treatment Facility and Master Plan

ELECTRIC DEPARTMENT

Fiscal Year Ending June 30, 2021

1. New construction and replacement projects in the Electric Department funded out of operating funds in the amount of \$344,121
2. Installed 20 cobra heads for the downtown lighting beautification
3. Replaced cobra-head lighting with LED lighting on West Graham Avenue from US 69/20 intersection to city limits (Elks Lodge)
4. Built new service to new Pryor Junior High gym
5. Extended single-phase overhead near North Highway 20 and Gaither Road
6. Built new single phase #2 ACSR extension on Keels Road to serve four new homes
7. Built new single phase 1/0 primary extension at 964 Southwest 29th Street
8. Built new 1/0 single phase UG primary extension on Southeast 6th Street to Coo-Y-Yah Street and installed seven (7) new poles behind Southeast 5th Street

9. Installed new fiberoptic ring around town in agreement with Grand River Dam Authority
10. Built new 1/0-line extension and set two transformers for 2061 S 432 Road (Top Shelf Growers)

Proposed projects for Fiscal Year Ending 30 June 2022

1. Upgrade underground service in Meadow Trace (One Grand Properties, LLC) apartment complex
2. Re-conduct a new underground single-phase primary under Northeast 3rd Street behind Damon Drive and Heron Circle
3. Relay the underground three phase primary on Wilkerson Drive from Veyda to Elliott Street
4. Install fiberoptic connection of substations in agreement with Fiber Interactive Technologies
5. Build new service to Roosevelt Crossing Addition
6. Reconduct three phase overhead primary on North Elliott Street form Northeast 5th Street to Clayton Road
7. Build new three phase overhead primary from Clayton Road to Old Airport Road

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 8,556,131	\$ 2,778,879	\$11,335,010
Taxes receivable	1,394,699	104,651	1,499,350
Accounts receivable (net)	--	1,738,046	1,738,046
Accounts receivable from intra-government	9,274	2,198	11,472
Prepaid loan payment	8,002	--	8,002
Other receivables	<u>7,912</u>	<u>13,265</u>	<u>21,177</u>
Total current assets	<u>9,976,018</u>	<u>4,637,039</u>	<u>14,613,057</u>
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	9,578,592	11,071,509	20,650,101
Taxes receivable	188,373	209,303	397,676
Net pension assets	--	--	--
Capital assets (net)	42,954,102	33,003,294	75,957,396
Inventory	<u>--</u>	<u>1,318,366</u>	<u>1,318,366</u>
Total noncurrent assets	<u>52,721,067</u>	<u>45,602,472</u>	<u>98,323,539</u>
Total assets	<u>62,697,085</u>	<u>50,239,511</u>	<u>112,936,596</u>
Deferred outflows of resources related to pensions	<u>1,653,295</u>	<u>--</u>	<u>1,653,295</u>
LIABILITIES			
Current liabilities			
Accounts payable	352,317	1,296,763	1,649,080
Accrued expenses	314,528	66,456	380,984
Notes payable, current portion	673,585	25,679	699,264
Payable to intra-government	--	11,472	11,472
Refundable court deposits	460	--	460
Accrued compensated absences	<u>166,301</u>	<u>203,462</u>	<u>369,763</u>
Total current liabilities	<u>1,507,191</u>	<u>1,603,832</u>	<u>3,111,023</u>
Payable from restricted assets			
Accrued expenses	<u>109,294</u>	<u>--</u>	<u>109,294</u>
Total	<u>1,616,485</u>	<u>1,603,832</u>	<u>3,220,317</u>
Noncurrent liabilities:			
Customer deposits payable	--	1,036,825	1,036,825
Notes and bonds payable, long-term portion	9,241,002	79,845	9,320,848
Net pension liability	<u>3,446,652</u>	<u>--</u>	<u>3,446,652</u>
Total noncurrent liabilities	<u>12,687,654</u>	<u>1,116,671</u>	<u>13,804,325</u>
Total liabilities	<u>14,304,139</u>	<u>2,720,503</u>	<u>17,024,642</u>
Deferred inflows of resources			
Deferred amounts related to pensions	<u>497,791</u>	<u>--</u>	<u>497,791</u>
NET POSITION			
Invested in capital assets, net of related debt	33,039,515	32,897,769	65,937,284
Restricted for:			
Capital projects and emergencies	8,476,064	9,776,604	18,252,668
Debt service	1,134,768	--	1,134,768
Other	3,684,782	467,383	4,152,165
Unrestricted	<u>3,213,321</u>	<u>4,377,252</u>	<u>7,590,573</u>
Total net position	<u>\$49,548,450</u>	<u>\$47,519,008</u>	<u>\$97,067,458</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Statement 2

		Program Revenues			
		Charges	Operating	Capital	Net
	<u>Expenses</u>	<u>for Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>(Expense)</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Revenue</u>
Governmental activities					
General government					
Community Development	\$ 108,636	\$ --	\$ --	\$ --	\$(108,636)
Planning and Zoning	57,014	--	--	--	(57,014)
Mayor and Council	196,313	--	--	--	(196,313)
City Clerk	287,803	--	--	--	(287,803)
City Treasurer	24,509	--	--	--	(24,509)
Maintenance Garage	4,587	--	--	--	(4,587)
General Government	<u>813,059</u>	<u>163,710</u>	<u>730,435</u>	<u>--</u>	<u>81,086</u>
Total general government	<u>1,491,921</u>	<u>163,710</u>	<u>730,435</u>	<u>--</u>	<u>(597,776)</u>
Public safety and judiciary					
City Attorney	343,612	--	--	--	(343,612)
Police	3,670,001	173,562	160,871	--	(3,335,568)
Fire	2,149,004	11,737	31,240	--	(2,106,027)
Civil Emergency Management	26,103	--	--	--	(26,103)
Animal control	222,901	--	--	--	(222,901)
Municipal Court	<u>126,723</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(126,723)</u>
Total public safety and judiciary	<u>6,538,344</u>	<u>185,299</u>	<u>192,111</u>	<u>--</u>	<u>(6,160,934)</u>
Transportation					
Street	<u>3,174,717</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(3,174,717)</u>
Cultural, parks and recreation					
Library	448,651	958	15,366	--	(432,327)
Cemetery	311,006	50,260	--	--	(260,746)
Recreation	474,561	--	--	--	(474,561)
Tourism	<u>72,407</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(72,407)</u>
Total cultural, parks and Recreation	<u>1,306,625</u>	<u>51,218</u>	<u>15,366</u>	<u>--</u>	<u>(1,240,041)</u>
Total governmental activities	<u>12,511,607</u>	<u>400,227</u>	<u>937,912</u>	<u>--</u>	<u>(11,173,468)</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Business-type activities:					
Utilities	13,127,990	13,942,652	39,997	--	854,659
Golf	551,482	454,340	104,310	--	7,168
Recreation Center	<u>1,126,699</u>	<u>241,590</u>	<u>17,912</u>	<u>--</u>	<u>(867,197)</u>
Total business-type activities	<u>14,806,171</u>	<u>14,638,582</u>	<u>162,219</u>	<u>--</u>	<u>(5,370)</u>
Total	<u>\$ 27,317,778</u>	<u>\$ 15,038,809</u>	<u>\$ 1,100,131</u>	<u>\$ --</u>	<u>\$(11,178,838)</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense) /revenue	<u>\$(11,173,468)</u>	<u>\$(5,370)</u>	<u>\$(11,178,838)</u>
General Revenues			
Taxes:			
Sales tax	7,915,940	1,804,194	9,720,134
Use tax	1,026,603	--	1,026,603
Alcohol beverage tax	135,891	--	135,891
E-911 tax	13,075	--	13,075
Hotel/motel tax	78,556	--	78,556
Gasoline tax	15,834	--	15,834
Motor vehicle tax	68,937	--	68,937
Franchise taxes	76,410	--	76,410
Cigarette tax	89,123	--	89,123
Reimbursements	240,019	--	240,019
Investment income	15,179	109,960	125,139
Miscellaneous	38,879	--	38,879
Disposal of assets	35,050	27,770	62,820
Transfers	655,735	(655,735)	--
Expense - bonds	<u>(224,181)</u>	<u>--</u>	<u>(224,181)</u>
Total general revenues and transfers	<u>10,181,050</u>	<u>1,286,189</u>	<u>11,467,239</u>
Change in net position	<u>(992,418)</u>	<u>1,280,819</u>	<u>288,401</u>
Net position - beginning	<u>50,540,868</u>	<u>46,238,189</u>	<u>96,779,057</u>
Net position - ending	<u>\$ 49,548,450</u>	<u>\$ 47,519,008</u>	<u>\$ 97,067,458</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Street & Drainage Fund	PPWA Sinking Fund	Other Governmental Funds	PPWA Note Proceeds Fund	Total Governmental Funds
ASSETS						
Cash	\$3,249,515	\$2,346,361	\$1,055,689	\$2,960,255	\$8,522,903	\$18,134,723
Taxes receivable	961,585	285,289	188,373	147,825	--	1,583,072
Other receivables	7,912	--	--	--	--	7,912
Due from other funds	<u>514,404</u>	<u>--</u>	<u>--</u>	<u>3,230</u>	<u>--</u>	<u>517,634</u>
Total assets	<u>\$4,733,416</u>	<u>\$2,631,650</u>	<u>\$1,244,062</u>	<u>\$3,111,310</u>	<u>\$8,522,903</u>	<u>\$20,243,341</u>
LIABILITIES						
Accounts payable	108,478	69,625	--	174,214	--	352,317
Accrued expenses	308,408	6,076	109,294	44	--	423,822
Due to other funds	2,198	--	--	--	506,162	508,360
Accrued compensated absences	36,349	20,904	--	--	--	57,253
Refundable court bonds	<u>460</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>460</u>
Total liabilities	<u>455,893</u>	<u>96,605</u>	<u>109,294</u>	<u>174,258</u>	<u>506,162</u>	<u>1,342,212</u>
FUND BALANCES						
Restricted	43,107	2,535,045	1,134,768	1,565,953	8,016,741	13,295,614
Assigned	--	--	--	1,371,099	--	1,371,099
Unassigned	<u>4,234,416</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,234,416</u>
Total fund balance	<u>4,277,523</u>	<u>2,535,045</u>	<u>1,134,768</u>	<u>2,937,052</u>	<u>8,016,741</u>	<u>18,901,129</u>
Total liabilities and fund balances	<u>\$4,733,416</u>	<u>\$2,631,650</u>	<u>\$1,244,062</u>	<u>\$3,111,310</u>	<u>\$ 8,522,903</u>	<u>\$20,243,341</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Total Governmental <u>Funds</u>
Fund balance of governmental funds	\$ 18,901,129
Amounts reported for governmental activities in the Statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation of \$38,234,292	42,954,102
Portion of accrued compensated absences does not require current financial resources. Therefore, \$109,048 of total of \$166,301 of accrued compensated absences is not reported as a liability in government funds balance sheet	(109,048)
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds:	
Pension related deferred outflows	1,653,295
Certain liabilities are not due and payable in the current period from current financial resources, and, therefore, are not reported in the funds	
Net pension liability	(3,446,652)
Pension related deferred inflows	(497,791)
Long-term debt, net of prepaid loan principal	<u>(9,906,585)</u>
Net position of governmental activities	<u>\$ 42,548,450</u>

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal and long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Street & Drainage Fund	PPWA Sinking Fund	Other Governmental Funds	PPWA Note Proceeds Fund	Total Governmental Funds
REVENUES						
Sales tax	\$4,510,486	\$1,563,635	\$1,082,517	\$ 759,303	\$ --	\$7,915,941
Other taxes	1,251,616	84,771	--	91,631	--	1,428,018
Fines and forfeits	165,252	--	--	8,310	--	173,562
Licenses and permits	116,964	--	--	--	--	116,964
Franchise taxes	38,426	--	--	38,145	--	76,571
Fees and services	66,379	--	--	43,238	--	109,617
Interest	7,530	3,206	554	1,631	2,104	15,025
Reimbursements/asset sales	240,019	--	--	84,933	--	324,952
Miscellaneous	27,940	--	--	17,417	--	45,357
Grants and contributions	<u>208,104</u>	<u>--</u>	<u>--</u>	<u>672,531</u>	<u>--</u>	<u>880,635</u>
Total revenues	<u>6,632,716</u>	<u>1,651,612</u>	<u>1,083,071</u>	<u>1,717,139</u>	<u>2,104</u>	<u>11,086,642</u>
EXPENDITURES						
Current						
General government:						
Community Development	100,824	--	--	--	--	100,824
Planning and Zoning	2,989	--	--	--	--	2,989
Mayor and Council	196,261	--	--	--	--	196,261
City Clerk	281,202	--	--	--	--	281,202
City Treasurer	24,509	--	--	--	--	24,509
Maintenance Garage	4,587	--	--	--	--	4,587
General Government	<u>654,375</u>	<u>--</u>	<u>2,500</u>	<u>77,657</u>	<u>--</u>	<u>734,532</u>
Total General Government	<u>1,264,747</u>	<u>--</u>	<u>2,500</u>	<u>77,657</u>	<u>--</u>	<u>\$1,344,904</u>
Public safety and judiciary:						
City Attorney	343,611	--	--	--	--	343,611
Police	3,196,498	--	--	107,963	--	3,304,461
Animal control	222,801	--	--	--	--	222,801
Fire	1,490,290	--	--	27,809	--	1,518,099
Civil Emergency Management	19,315	--	--	--	--	19,315
Municipal Court	<u>126,674</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>126,674</u>
Total Public Safety and Judiciary	<u>5,399,189</u>	<u>--</u>	<u>--</u>	<u>135,772</u>	<u>--</u>	<u>5,534,961</u>
Transportation						
Street	<u>--</u>	<u>2,075,204</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,075,204</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Street & Drainage Fund	PPWA Sinking Fund	Other Governmental Funds	PPWA Note Proceeds Fund	Total Governmental Funds
Cultural, Parks and Recreation						
Library	422,973	--	--	10,133	--	433,106
Cemetery	242,539	--	--	56,975	--	299,514
Recreation	382,196	--	--	--	--	382,196
Tourism	--	--	--	72,406	--	72,406
Total cultural, Park and recreation	<u>1,047,708</u>	<u>--</u>	<u>--</u>	<u>139,514</u>	<u>--</u>	<u>1,187,222</u>
Debt service						
Principal	--	--	285,000	132,440	--	417,440
Interest and other charges	--	--	221,681	5,593	--	227,274
Capital outlay	<u>59,619</u>	<u>112,944</u>	<u>--</u>	<u>340,440</u>	<u>978,428</u>	<u>1,491,431</u>
Total expenditures	<u>7,771,263</u>	<u>2,188,148</u>	<u>509,181</u>	<u>831,416</u>	<u>978,428</u>	<u>12,278,436</u>
Excess (deficiency) of revenues over expenditures	<u>(1,138,547)</u>	<u>(536,536)</u>	<u>573,890</u>	<u>885,723</u>	<u>(976,324)</u>	<u>(1,191,794)</u>
Other financing sources (uses)						
Transfers in	1,281,363	--	--	204,258	--	1,485,621
Transfer out	<u>(4,258)</u>	<u>--</u>	<u>--</u>	<u>(319,465)</u>	<u>(506,163)</u>	<u>(829,886)</u>
Total other financing Sources (uses)	<u>1,277,105</u>	<u>--</u>	<u>--</u>	<u>(115,207)</u>	<u>(506,163)</u>	<u>655,735</u>
Net change in fund balances	138,558	(536,536)	573,890	770,516	(1,482,487)	(536,059)
Fund balance – beginning	<u>4,138,965</u>	<u>3,071,581</u>	<u>560,878</u>	<u>2,166,536</u>	<u>9,499,228</u>	<u>19,437,188</u>
Fund balances – ending	<u>\$ 4,277,523</u>	<u>\$ 2,535,045</u>	<u>\$ 1,134,768</u>	<u>\$ 2,937,052</u>	<u>\$ 8,016,741</u>	<u>\$ 18,901,129</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

Reconciliation of the change in fund balances - total government funds to the change in net position of governmental activities

Net change in fund balances - total governmental funds \$(536,059)

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets deleted	--
Capital asset purchase capitalized	1,700,827
Depreciation expense	<u>(1,743,894)</u>
	<u>\$(43,067)</u>

Governmental funds do not report long-term financing as revenues and report payments as expenditures while governmental activities report such payments as debt activities

Payment of long-term debt	417,437
Issuance of note	<u>(161,969)</u>

Some expense reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	(6,818)
------------------------------	----------

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The Fund Financial Statements report pension contributions as expenditures.

(661,942)

Change in net position of governmental activities \$(992,418)

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	Recreation Center	Golf Course Fund	Municipal Utility Department	Total
ASSETS				
Current assets				
Cash	\$1,364,442	\$ 102,251	\$1,312,186	\$2,778,879
Taxes receivable	104,651	--	--	104,651
Accounts receivable	--	--	1,738,046	1,738,046
Other receivables	--	--	13,265	13,265
Due from other funds	--	--	2,198	2,198
Total current assets	<u>1,469,093</u>	<u>102,251</u>	<u>3,065,695</u>	<u>4,637,039</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	--	--	11,071,509	11,071,509
Taxes receivable	--	--	209,303	209,303
Inventory	--	--	1,318,366	1,318,366
Capital assets (net)	<u>4,488,524</u>	<u>882,903</u>	<u>27,631,867</u>	<u>33,003,294</u>
Total noncurrent assets	<u>4,488,524</u>	<u>882,903</u>	<u>40,231,045</u>	<u>45,602,472</u>
Total assets	<u>5,957,617</u>	<u>985,154</u>	<u>43,296,740</u>	<u>50,239,511</u>
LIABILITIES				
Current liabilities				
Accounts payable	38,221	17,477	1,241,065	1,296,763
Accrued expenses	4,592	2,214	59,650	66,456
Accrued compensated absences	3,041	1,451	198,970	203,462
Due other funds	--	--	11,472	11,472
Current portion of long-term debt	--	25,679	--	25,679
Total current liabilities	<u>45,854</u>	<u>46,821</u>	<u>1,511,157</u>	<u>1,603,832</u>
Non-current liabilities				
Customers' meter deposits (payable from restricted assets)	--	--	1,036,825	1,036,825
Notes payable	--	79,846	--	79,846
Total non-current liabilities	<u>--</u>	<u>79,846</u>	<u>1,036,825</u>	<u>1,116,671</u>
Total liabilities	<u>45,854</u>	<u>126,667</u>	<u>2,547,982</u>	<u>2,720,503</u>
NET POSITION				
Investment in capital assets, net of related debt	4,488,524	777,378	27,631,867	32,897,769
Restricted:				
Sales tax reserved for capital improvements	--	--	7,043,141	7,043,141
Charter required legal obligations	--	--	467,383	467,383
Property, plant and equipment and emergency and disaster	--	--	2,733,463	2,733,463
Unrestricted	<u>1,423,239</u>	<u>81,109</u>	<u>2,872,904</u>	<u>4,377,252</u>
Total net position	<u>\$ 5,911,763</u>	<u>\$ 858,487</u>	<u>\$40,748,758</u>	<u>\$47,519,008</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	<u>Recreation Center</u>	<u>Golf Course Fund</u>	<u>Municipal Utility Department</u>	<u>Total</u>
Operating revenues				
Utility charge	\$ --	\$ --	\$ 13,517,781	\$ 13,517,781
Utility taps	--	--	67,918	67,918
Penalties	--	--	114,193	114,193
Miscellaneous	--	--	242,760	242,760
Fee income	<u>241,590</u>	<u>454,340</u>	<u>--</u>	<u>695,930</u>
Total operating revenues	<u>241,590</u>	<u>454,340</u>	<u>13,942,652</u>	<u>14,638,582</u>
Operating expenses				
Purchased utilities	--	--	7,250,889	7,250,889
Personnel services	433,176	204,108	2,792,966	3,430,250
Personnel benefits	129,410	40,949	1,113,042	1,283,401
Materials and supplies	43,241	--	640,162	683,403
Other expenses	307,562	215,808	792,435	1,315,805
Bad debts expense	--	--	21,429	21,429
Depreciation expense	213,310	89,894	1,076,980	1,380,184
Less: expenses capitalized	<u>--</u>	<u>--</u>	<u>(559,913)</u>	<u>(559,913)</u>
Total operating expense	<u>1,126,699</u>	<u>550,759</u>	<u>13,127,990</u>	<u>14,805,448</u>
Net operating income (loss)	<u>(885,109)</u>	<u>(96,419)</u>	<u>814,662</u>	<u>(166,866)</u>
Nonoperating revenue (expense)				
Gain (loss) on asset disposal/				
Insurance reimbursement	8,850	8,638	10,282	27,770
Sales tax revenue	601,398	--	1,202,796	1,804,194
Investment income	25,244	95	84,621	109,960
Grants	17,912	104,310	39,997	162,219
Interest expense	<u>--</u>	<u>(723)</u>	<u>--</u>	<u>(723)</u>
Total nonoperating revenue (expenses)	<u>653,404</u>	<u>112,320</u>	<u>1,337,696</u>	<u>2,103,420</u>
Net income (loss) before contributions and transfers	<u>(231,705)</u>	<u>15,901</u>	<u>2,152,358</u>	<u>1,936,554</u>
Operating transfers in (out)	<u>--</u>	<u>119,465</u>	<u>(775,200)</u>	<u>(655,735)</u>
Change in net position	<u>(231,705)</u>	<u>135,366</u>	<u>1,377,158</u>	<u>1,280,819</u>
Net position - beginning of year	<u>6,143,468</u>	<u>723,121</u>	<u>39,371,600</u>	<u>46,238,189</u>
Net position - end of year	<u>\$ 5,911,763</u>	<u>\$ 858,487</u>	<u>\$ 40,748,758</u>	<u>\$ 47,519,008</u>

CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			
	Recreation Center	Golf Course Fund	Municipal Utility Department	Total
Cash flows from operating activities				
Receipts from customers	\$ 241,590	\$ 454,340	\$ 13,929,862	\$ 14,625,792
Payments to suppliers	(346,516)	(241,866)	(9,459,368)	(10,047,750)
Payments to employees and benefits	(559,681)	(245,028)	(2,757,966)	(3,562,675)
Payments capitalized	--	--	559,913	559,913
Receipts over refunds of customer meter deposits	--	--	41,655	41,655
Net cash provided (used) by operating activities	<u>(664,607)</u>	<u>(32,554)</u>	<u>2,314,096</u>	<u>1,616,935</u>
Cash flows from noncapital financing activities				
Operating subsidies and transfers from (to) other funds	--	119,465	(775,200)	(655,735)
Net cash provided (used) by Non-capital financing activities	<u>--</u>	<u>119,465</u>	<u>(775,200)</u>	<u>(655,735)</u>
Cash flows from capital and related financing activities				
Sales tax receipts	606,584	--	1,213,167	1,819,751
Purchases of capital assets	(133,242)	(236,715)	(2,004,063)	(2,374,020)
Issuance of debt, net of payments	--	105,525	--	105,525
Sale of capital assets	8,850	9,085	24,753	42,688
Grant proceeds	17,912	104,310	39,997	162,219
Interest expense	--	(723)	--	(723)
Net cash provided (used) by capital and related financing activities	<u>500,104</u>	<u>(18,518)</u>	<u>(726,146)</u>	<u>(244,560)</u>
Cash flows from investing activities				
Interest and dividends	<u>25,244</u>	<u>95</u>	<u>84,621</u>	<u>109,960</u>
Net cash provided (used) by investing activities	<u>25,244</u>	<u>95</u>	<u>84,621</u>	<u>109,960</u>
Net increase (decrease) in cash and cash equivalents	(139,259)	68,488	897,371	826,600
Cash balance - beginning of year	<u>1,503,701</u>	<u>33,763</u>	<u>11,486,324</u>	<u>13,023,788</u>
Cash balance - end of year	<u>\$ 1,364,442</u>	<u>\$ 102,251</u>	<u>\$ 12,383,695</u>	<u>\$13,850,388</u>
Cash, including time deposits	1,364,442	102,251	1,312,186	2,778,879
Restricted cash, including time deposits	--	--	11,071,509	11,071,509
Total cash and cash equivalents, end of year	<u>\$ 1,364,442</u>	<u>\$ 102,251</u>	<u>\$12,383,695</u>	<u>\$ 13,850,388</u>

**CITY OF PRYOR CREEK, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Recreation Center</u>	<u>Golf Course Fund</u>	<u>Municipal Utility Department</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities)				
Operating income (loss)	\$(885,109)	\$(96,419)	\$ 814,662	\$(166,866)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	213,310	89,894	1,076,980	1,380,184
Bad debt expense	--	--	21,429	21,429
Change in assets and liabilities				
receivables, net	--	--	(26,055)	(26,055)
Inventories	--	--	(74,127)	(74,127)
Accounts and other payables	4,287	(26,029)	424,552	402,810
Customer meter deposits payable	--	--	41,655	41,655
Accrued expenses	<u>2,905</u>	<u>--</u>	<u>35,000</u>	<u>37,905</u>
	<u>\$(664,607)</u>	<u>\$(32,554)</u>	<u>\$ 2,314,096</u>	<u>\$ 1,616,935</u>

Noncash investing, capital and financing activities:

MUB wrote off assets with a cost of \$324,5783 and accumulated depreciation of \$310,106 that were replaced or scrapped per department policy. A gain on asset disposal of \$10,281 resulted from sales of \$24,753 for the fiscal year ending June 30, 2021.

CITY OF PRYOR CREEK, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, and Equity
- E. Revenues, Expenditures, and Expenses

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. Fund Accounting Requirements
- B. Deposits and Investments Laws and Regulations
- C. Revenue Restrictions
- D. Debt Restrictions and Covenants
- E. Fund Equity Restrictions

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

- A. Cash and Investments
- B. Restricted Assets
- C. Accounts Receivable
- D. Capital Assets
- E. Inventory
- F. Accounts Payable
- G. Long-term Debt
- H. Accrued Compensated Absences
- I. Due to/from Other Funds - Operating and Capital Transfers
- J. Fund Equity

NOTE 4. OTHER NOTES

- A. Employee Pension
- B. Risk Management
- C. Subsequent Events

CITY OF PRYOR CREEK, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pryor Creek was created in 1871 and operates under a strong Mayor/Council form of government. The City's major operations include public safety, (Police, fire and civil defense), recreation, parks and library, provision and maintenance of streets and drainage, utility service (electric, gas, water and sewer), and general administrative services. In addition, the City exercises sufficient control over other governmental agencies that are included as part of the City's reporting entity.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The City was required to implement the new financial reporting requirements of GASB Statement Nos. 33 and 34 for the year ended June 30, 2003. Effective for the year ended June 30, 2006, the City is reporting all infrastructure. See Notes 3.D and 3.J.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Pryor Creek
Blended Component Unit:	Pryor Public Works Authority
Blended Other Units	County Wide Fire Department Fund

In determining the financial reporting entity, The City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Blended Component Unit

<i>Component Unit</i>	<i>Brief Description/Inclusion Criteria</i>	<i>Reporting</i>
Pryor Public Works	The Authority is utilized for the purpose of entering into a long-term contract providing the Citizens of Pryor Creek with trash services. Its major source of income is franchise fees from such contract.	Special Revenues

Blended Other Units

A countywide sales tax was passed, effective January 1, 2003, for the purpose of providing revenues to the various fire departments of Mayes County. The sales tax receipts, which began in March, 2003 and are equally divided among the fire departments, is administered by the County which maintains a fund for each fire department, including that of the City of Pryor Creek. Purchases against the funds can only be initiated by each fire department, sometimes requiring its governing board approval.

Other Units by Reference

The Pryor Creek Economic Development Authority is included in this report. However, since the Authority has no assets, liabilities (only non-commitment debt to the City and the Authority), revenues or expenditures, it is included only by reference and explanation in the notes to the financial statements. The original amount of the debt was \$2,356,000.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounting for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. All capital project funds were created by Council action and derive their revenues as a result of Council action. Accordingly, the City Council can change or eliminate these funds by vote.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the City other than debt service payments made by other funds. This fund receives revenues from a 1/2 cent sales tax until the general obligation bonds are fully paid. Although not anticipated, the City may assess a property tax if such sales tax is insufficient.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Municipal Utility Department, Golf Course Fund and the Recreation Center constitute the Enterprise Funds. Beginning in June, 2020 the Swimming Pool was transferred out of the General Fund and became an Enterprise Fund. However, it was transferred back to the General Fund in the fiscal year ending June 30, 2021.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund	Brief Description
Major:	
General	See above for description
Special Revenue Fund Street & Drainage	Accounts for revenues and expenditures of maintaining, improving and extending streets and drainage
PPWA Sinking Fund	Accounts for sales tax revenues and debt service expenditures for 2011 bonds

Proprietary Fund:	
Municipal Utility Board	Accounts for activities of providing electric, water,
Recreation Center	Charges for membership and services for use of the facilities
Cash Fund	and personnel in addition to receiving $\frac{1}{4}$ of 1 cent sales tax. The facility opened in March, 2009.
Golf Course Fund	Accounts for revenues and expenses of municipally run course.
Non-major:	
Special Revenue Funds:	
E-911	Accounts for revenues and expenditures of E-911 service that is legally restricted for public safety use.
Countywide Fire Department	See above for description.
Cemetery Care	Accounts for 25 percent of cemetery revenue restricted by State law for cemetery capital improvements.
Cemetery Care Interest Fund	Interest on cemetery care fund designated for cemetery operations.
Seizures	Police seizures for use of police department.
Library	Accounts for grants and contributions specifically for the library.
Donations and Earmarked Monies	Accounts for donations and grants for specific projects or specific purposes.
Public Works Authority	See above for description.
Hotel and Motel Tax	Accounts for revenues of hotel/motel tax restricted by local ordinance for the promotion of conventions and tourism.

Fee-in-Lieu	Accounts for funds deposited with the City by third parties for drainage projects caused by real estate development.
Police Cash Fund	Revenues consist of \$10 for each police fine to be used exclusively for the Police Department
Debt Service Fund	See above for description.
Capital Project Funds:	
Capital Outlay	Accounts for 1/8 of one cent sales tax dedicated for capital outlay. Cannot be changed without a vote of the people.
Capital Outlay	Although initially set up to fund the purchase of a fire truck Reserve in 2000, it has now essentially become a capital outlay fund for the fire department. Revenues consist of outside fire runs, fire subscriptions and grants for the fire department.
Real Property Acquisition	Created by the Council to accumulate funds for additions and improvements to land and buildings. Although at one time, this fund was allocated 1/10 of 1 cent sales tax, this fund has no designated source of income.
Library Building	Accounts for donations to add on to the existing library.
PPWA Bond Proceeds	Accounts for bonds proceeds to construct a new City Hall and for street improvements

The Municipal Utility Department was created by the Charter for the City of Pryor Creek, Oklahoma in January, 1951. The Department operates under the Utility Board consisting of five members. Vacancies in the membership of the Utility Board are filled by appointment by the remaining members of the Board subject to the approval of the City Council. The Department's operations consist of providing electrical, gas, water and sewage disposal service to the citizens of the City of Pryor Creek. All revenues received are dedicated by Charter as follows:

First, revenues are to be used for the payment of operating expenses, expenses incidental to the running of new services and the installation of new meters without major extension of lines, cost of minor extensions of lines and cost of replacements due to obsolescence.

Secondly, the Board is authorized to set aside, out of its revenues (reduced by encumbrances), a reserve for depreciation, replacement of obsolete or worn-out property, machinery and equipment and to provide an emergency fund in cases of destruction or injury to utility properties. However, the funding for such reserve cannot exceed 20 percent of the net profits of the Utility Department for the year.

Third, after application of the foregoing, any surplus revenues shall be applied first to the current interest and accruals in the sinking fund of the City of Pryor Creek and thereafter transferred to the general fund of the City of Pryor Creek.

Legal counsel has ruled that if sufficient funding is otherwise available for the sinking fund, then such surplus revenues may go directly to the general fund.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus, except for sales tax revenues which are recognized on a "current financial resources" measurement by the Municipal Utility Department. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The City implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2003. Beginning with the year ended June 30, 2006, all infrastructure is reflected on the Statement of Net Position. Prior to then only additions to infrastructure for the years ended June 30, 2003, 2004 and 2005 were reflected on such statements. See Notes 3.D and 3.J pertaining to the capitalization of infrastructure in the current year.

In the government-wide Statement of Net Position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are also presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. Sales and other taxes, franchise taxes, grants and investment earnings are recorded when earned. Grant receivables are recognized when expenditures are incurred that are to be reimbursed. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt services, prepaid expenses, and other long-term obligations which are recognized when paid.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental funds of the City. Annual operating budgets are adopted each fiscal year for most funds. The basis of accounting for budgetary purposes for all funds is the modified accrual, i.e., revenues are recognized when received and expenditures are recognized when encumbered. The Enterprises Funds of the golf course and Municipal Utility Department also adopt budgets and revenues are recognized when earned and billed and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute adopted by the City for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. However, the Municipal Utility Department, an Enterprise Fund, annually budgets an amount to remit to the City's general fund. The budgeted amount, not 90% of the amount remitted for the year then ended, is utilized in preparing the general fund's budget. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. ASSETS, LIABILITIES, AND EQUITY

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." See Note 3.I. for details of interfund transactions, including receivables and payables at year end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Municipal Utility Department is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has not been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers. The other proprietary fund, the golf course, has no receivables.

Inventories

The Municipal Utility Department is the only fund that has inventory in the financial statements. Such inventory is generally for repairs and improvements to the system and is classified as a noncurrent asset.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which have recorded at their estimated fair value at the date of donation.

As of June 30, 2006 and later years, the governmental funds' infrastructure assets have been capitalized. Up to then, infrastructure was capitalized on prospective basis for the years ending June 30, 2003, 2004 and 2005.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-

line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Governmental</u>	<u>Proprietary</u>
Buildings	25 - 50 years	20 - 40 years
Machinery and Equipment	3 - 20 years	5 - 10 years
Utility System	25 - 50 years	7 - 100 years
Infrastructure	13 - 160 years	

Because certain system additions for the Municipal Utility Department are actually replacements of old system assets, an estimate has been made to reduce the value of the system by the amount of the replaced assets. An estimate of 40% of current year utility system additions are removed, along with applicable accumulated depreciation, from appropriate utility system accounts (gas, electric, water, sewer). The oldest assets recorded are the first retired.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to charter and third party required reserves and utility meter deposits.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and leases payable, accrued compensated absences, and customer meter deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation and other compensated time off permit employees to accumulate earned but unused time off. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The Municipal Utility Department requires meter deposits for utility services. Such deposits are retained until services are discontinued. At that time, the deposits are applied first to any outstanding balances owed by the customers and the excess, if any, is refunded. No interest is paid on the deposits.

- c. Assigned net position - All net position that do not meet any of the definitions and are for a specific purpose
- d. Unassigned - All net position that do not meet any of the definitions and can be used for any purposes. Represents the net position of the General Fund.
- e. Unrestricted net position - All other net position of business-type activities that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as assigned and unassigned, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.G. for additional disclosures.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

The City levies a 4.000 cent sales tax. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated to the various funds by ordinance:

	Effective <u>7/1/2018</u>	Effective <u>1/1/2021</u>
General Fund	1.875	1.875
Street and Drainage	.650	.650
Municipal Utility Department	.500	.500
Capital Outlay	.225	.225
Recreation Center Cash Fund	.250	.250
Sinking Fund - Bonded Indebtedness	.500	.450
Main Street Fund	<u>.000</u>	<u>.050</u>
	<u>4.000</u> cents	<u>4.000</u> cents

The sales tax is recorded in the various funds with the exception of the sales tax for the Municipal Utility Department which is recorded in the General Fund and transferred to the Municipal Utility Department. The sales tax in the Municipal Utility Department is restricted as discussed in Note 3.J.

The sales tax allocated to the sinking fund will expire when the bonds are retired, projected to be in December, 2021. However, at that time a new sinking fund will be established for the bonds issued in June, 2021 and will receive .450 cent sales tax. At the same time a new fund "Main Street Corridor Fund" will receive .050 cent sales tax. Effective January 1, 2020, the sales tax rate was increased to 4.0% with the additional .25 cent sales allocated to the General Fund. Subsequent to June 30, 2021, .100 sales tax was transferred from the General Fund to the Capital Outlay Fund.

Use Tax

The City levies a 4.000 use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. Effective for use tax earned in December 2009 and received in February, 2010, the use tax was allocated to the General Fund rather than the Capital Outlay Fund due to the downturn in the economy and is still being allocated to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City of Pryor Creek's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<i>Fund</i>	<i>Required By</i>
Cemetery Care Fund	State Law
Municipal Utility Department	City Charter
Street and Drainage	State Law
Public Works Authority	Trust Indenture

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U. S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A. Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

2.C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Notes 1.E. and 3.J.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
E-911 revenue	E-911 Emergency Services Purposes
Water, Sewer, Electrical, and Gas Revenue	Debt Service & Utility Operations
Cemetery Revenue (15%)	Cemetery Capital Improvements
Hotel/Motel Tax	Convention and Tourism
Golf Revenue	Golf Operations and Maintenance
Recreation Center Revenues	Recreation Center Operations and Maintenance

For the year ended June 30, 2021, the City complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2021, the City complied with this provision.

Other Long-term Debt

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2021, the City incurred no such indebtedness.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211, of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City of Pryor Creek complied with this statute in all material respects for the year ended June 30, 2021.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at June 30, 2021. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized with no written or approved collateral agreement

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Credit Risk Category</u>			<u>Total Carrying Value</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Total Deposits	<u>\$32,177,858</u>	<u>\$ 2,131,884</u>	<u>\$30,045,974</u>	<u>\$ --</u>	<u>\$31,985,111</u>
Reconciliation to Government-wide Statement of Net position:					
Unrestricted cash					\$ 11,335,010
Restricted cash, including time deposits					<u>20,650,101</u>
					<u>\$31,985,111</u>

3.B. RESTRICTED ASSETS

Restricted assets consist of cash, certificates of deposit, investments, and taxes receivable reserved as follows:

Municipal Utility Department

Customer meter deposits - reflected as a long-term liability on the balance sheet	\$ 1,036,825
Reserve for property, plant and equipment replacements and emergency and disaster relief - reflected as a reservation of retained earnings on the balance sheet	2,733,463
Sales tax allocated for capital improvements	7,043,141
Reserved for charter required legal obligations	<u>467,383</u>
	<u>\$11,280,812</u>

City of Pryor

Reserve fund for payment of principal and interest on bonds	1,244,062
Construction funds	<u>8,522,903</u>
	<u>9,766,965</u>
Grand total	<u>\$21,047,777</u>

Encumbrances are recognized as a reserve on the Municipal Utility Department, a proprietary type fund due to the City Charter's definition and allocation of such fund's computation and distribution of surplus revenues between the General Fund and the reserves of the Municipal Utility Department. See Note 3.J. for additional information.

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of grants receivable.

Accounts receivable of the Municipal Utility Department are reported at their gross value without an allowance for doubtful accounts. All accounts have utility deposits with the Department which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible. Accordingly, no allowance for uncollectible accounts has been established. The following is a summary of the bad debts for the current and prior four fiscal years:

June 30, 2021	\$21,429
June 30, 2020	\$29,857
June 30, 2019	\$38,187
June 30, 2018	\$29,818
June 30, 2017	\$24,513

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<i>Balance at July 1, 2020</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Balance at June 30, 2021</i>
Governmental activities:					
Land	\$ 3,252,613	\$ --	\$ --	\$ --	\$ 3,252,613
Buildings	7,265,131	162,993	--	--	7,428,124
Machinery and equipment	9,721,892	670,954	--	(6,254)	10,386,592
Infrastructure					
Improvements	52,209,686	--	--	--	52,209,686
Land, easements, etc.	7,045,000	--	--	--	7,045,000
Work in progress	--	<u>866,879</u>	<u>--</u>	<u>--</u>	<u>866,879</u>
Totals at historical cost	<u>79,494,322</u>	<u>1,700,826</u>	<u>--</u>	<u>(6,254)</u>	<u>81,188,894</u>
Less accumulated depreciation					
Buildings	(3,005,818)	(164,474)	--	--	(3,170,292)
Machinery and equipment	(6,390,017)	(568,321)	--	6,254	(6,952,084)
Infrastructure	<u>(27,101,317)</u>	<u>(1,011,099)</u>	<u>--</u>	<u>--</u>	<u>(28,112,416)</u>
Total accumulated depreciation	<u>(36,497,152)</u>	<u>(1,743,894)</u>	<u>--</u>	<u>6,254</u>	<u>(38,234,792)</u>
Governmental activities capital assets, net	<u>\$ 42,997,170</u>	<u>\$ (43,068)</u>	<u>\$ --</u>	<u>\$ (--)</u>	<u>\$ 42,954,102</u>
Business-type activities:					
Land and easements	350,426	2,000	--	--	352,426
Buildings	7,895,291	--	--	--	7,895,291
Machinery and equipment	4,384,151	530,412	--	(101,766)	4,812,797
Utility property	41,241,894	1,814,401	--	(237,812)	42,818,483
Work in progress	--	<u>27,207</u>	<u>--</u>	<u>--</u>	<u>27,207</u>
Total at historical cost	<u>53,871,762</u>	<u>2,374,020</u>	<u>--</u>	<u>(339,578)</u>	<u>55,906,204</u>

	<i>Balance at July 1, 2020</i>	<i>Additions</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Balance at June 30, 2021</i>
Less accumulated depreciation:					
Buildings	(3,040,004)	(201,601)	--	--	(3,241,605)
Machinery and equipment	(2,826,696)	(243,067)	--	225,846	(2,843,917)
Utility property	<u>(15,980,686)</u>	<u>(935,516)</u>	<u>--</u>	<u>98,815</u>	<u>(16,817,387)</u>
Total accumulated depreciation	<u>(21,847,386)</u>	<u>(1,380,184)</u>	<u>--</u>	<u>324,661</u>	<u>(22,902,909)</u>
Business-type capital assets, net	<u>\$ 32,024,376</u>	<u>\$ 993,836</u>	<u>\$ --</u>	<u>\$ (14,917)</u>	<u>\$ 33,003,295</u>

* Depreciation expense was charged to governmental activities as follows:

General government:	
City Clerk	\$ 6,364
General government	<u>142,759</u>
Total General Government	<u>149,123</u>
Public safety and judiciary:	
Police	238,451
Fire	131,309
Civil emergency management	<u>6,788</u>
Total public safety and judiciary	<u>376,548</u>
Transportation:	
Streets	<u>1,099,512</u>
Total transportation	<u>1,099,512</u>
Cultural, parks and recreation:	
Library	15,280
Cemetery	11,319
Swimming pool and parks	<u>92,112</u>
Total cultural, parks and recreation	<u>118,711</u>
Total depreciation expense	<u>\$1,743,894</u>

3.E. INVENTORY

Inventory consists of utility materials and supplies that will be expensed when used for repairs and/or capitalized when used for improvements. The Department maintains such inventories for ordinary and emergency repairs and improvements and many of the items are in the nature of a back-up to parts of the utility system. Thus, many of the inventory items will not be used in the next fiscal year. Accordingly, inventory has not been classified as a current asset.

Inventory is stated at cost on a first-in, first-out basis.

3.F. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued payroll.

3.G. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

The following is a summary of the City's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2021:

Debt outstanding, July 1, 2020	\$ 10,162,055
Additions	161,969
Retirements	<u>(409,437)</u>
Debt outstanding, June 30, 2021	<u>\$ 9,914,587</u>

The provisions of such debt at June 30, 2021 are as follows:

	<u>Total Debt</u>	<u>Due Within One Year</u>
Lease/purchase of police cars, payable in monthly installments of \$537,114, including 2.25% interest Until January 2024	\$ 157,543	\$ 61,541
Lease purchase dated March 6, 2020 for 6 police cars payable in monthly installments of \$5,297.94, including 2.15% interest until March 6, 2022	42,044	42,044
2021 sales tax revenue note in the original amount of \$10,000,000, payable in varying amounts of principal and interest at 2.25% until January 1, 2035. Secured by a .75 cent sales tax	<u>9,715,000</u>	<u>570,000</u>
Total	9,914,587	<u>\$ 673,585</u>
Amount due in one year	<u>673,585</u>	
Long term portion	<u>\$ 9,241,002</u>	

The following is a summary of payments due until maturity:

	<u>Principal</u>
Year ending June 30, 2022	673,588
Year ending June 30, 2023	647,940
Year ending June 30, 2024	638,062
Year ending June 30, 2025	620,000
Year ending June 30, 2026	640,000
Five years ending June 30, 2031	3,500,000
Four years ending June 30, 2035	3,195,000

The following is a summary of the City's Proprietary Fund's long-term debt transactions for the year ended June 30, 2021:

Debt outstanding, July 1, 2020	\$ --
Additions	114,750
Retirements	<u>(9,225)</u>
	<u>\$105,525</u>

The provisions of such debt at June 30, 2021 are as follows:

	<u>Total Debt</u>	<u>Due Within One Year</u>
Lease/purchase of golf carts for the Pryor Creek Golf Course in March, 2021, payable in monthly installments of \$2,487.01 at 1.95% interest until March, 2025	<u>\$105,525</u>	<u>\$ 25,679</u>
Total	\$105,525	25,679
Amount due in one year	<u>25,679</u>	
Long-term portion	<u>\$ 79,846</u>	

The following is aa summary of payments due until maturity:

Year ending June 30, 2022	25,679
Year ending June 30, 2023	28,541
Year ending June 30, 2024	29,103
Year ending June 30, 2025	22,202

Non-Commitment Debt

The notes and bonds payable comprising the Pryor Creek Economic Development Authority's indebtedness are not indebtedness of the State of Oklahoma, nor of the City of Pryor Creek, nor are they personal obligations of the Pryor Creek Economic Development Authority, but are obligations of the Authority payable solely from the Trust Estate consisting of the Authority notes and related Financing Agreements and other security outlined in the Mortgage or Bond indentures.

This debt is considered non-commitment debt to the City and Authority since the debt payments are made solely from the notes receivable or financing agreement proceeds from industrial occupants. Payments are made directly by the industrial occupants to trustee banks who pay the bondholders. In the event of default by the industrial occupants, the City or Authority has no obligation, in substance, to make any payments on the debt since the notes receivable, financing agreements and mortgages on the property with the industrial occupant are the only security for the debt.

As a result of the non-commitment determination, the Authority's indebtedness and related receivables from industrial occupants are not recorded in the financial statements.

3.H ACCRUED COMPENSATED ABSENCES

City employees are entitled to certain compensated absences based on their length of employment. This liability is reflected in the balance sheet of the proprietary funds. Additionally, the full amount of the accrual is included in the Street and Drainage Special Revenue Fund, as that fund appears to have sufficient expendable available financial resources to liquidate the obligation.

The accrued compensated absences for the Governmental Funds totals \$166,301. Consistent with prior years, only \$57,253 of this amount has been included as a liability in the General Fund in the Fund financial statements. However, the \$166,301 is reflected as a liability on the government-wide statements.

3.I. DUE TO/FROM OTHER FUNDS - OPERATING AND CAPITAL TRANSFERS

As of June 30, 2021, interfund receivables and payables which resulted from various interfund transactions were as follows:

	<i>Due From Other Funds</i>	<i>Due to Other Funds</i>
General Fund	\$514,404	\$ 2,198
Public Works Authority	3,230	--
Municipal Utility Department	2,198	11,472
PPWA Note Proceeds Fund	<u>--</u>	<u>506,162</u>
	<u>\$519,832</u>	<u>\$519,832</u>

Operating transfers during the year consisted of the following:

	<u>From</u>		<u>To</u>	
	<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Distribution of current operating income	Municipal Utility Department	\$775,200	General Fund	\$775,200
Reimbursement Of Engineering Fees on Capital Projects	PPWA Note Proceeds Fund	560,165	General Fund	560,165
Transfer of funds For capital outlay Purchases	Capital Outlay Fund	319,465	Capital Outlay Reserve	200,000
			Golf Course	119,465

3.J. EQUITY

Reserve for Charter Required Legal Obligations - It has been interpreted by legal counsel that the Department is to encumber cash for goods and services ordered but not received as of the end of the year for purposes of determining "surplus revenues" that can be added to reserves or remitted to the City of Pryor Creek. Accordingly, a reserve has been provided for such encumbrances.

Reserved for Capital Improvements from Sales Tax - This reserve is funded by a 1/2 cent sales tax and interest revenue. The Department is utilizing such revenues to fund depreciation for the waste water treatment plant as required in grant agreements. The excess can only be used for utility systems improvements and additions. The activity in this reserve account is summarized as follows:

Balance - July 1, 2020	<u>\$ 6,805,811</u>
Additions	
Reserve transfers in from sales tax	1,202,796
Interest income applicable to reserve balance	<u>64,600</u>
	<u>1,267,396</u>
Subtractions	
Equipment and system additions paid for from reserves	<u>1,030,067</u>
	<u>1,030,067</u>
Balance - June 30, 2021	<u>\$ 7,043,140</u>

Reserve for Property, Plant and Equipment and Emergency and Disaster Relief - This reserve is authorized in the Charter of the City of Pryor Creek and is in accordance with State Statutes. It provides a method of funding future replacements and additions to fixed assets and a reserve for disasters.

The activity in this reserve account is summarized as follows:

Balance - July 1, 2020	\$ 2,539,663
Subtractions	
Contribution of general operations to increase unreserved cash to level of liabilities as of June 30, 2021	<u>193,800</u>
Balance June 30, 2021	<u>\$ 2,733,463</u>

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in four employee pension systems as follows:

Name of Plan /System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer-Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Contribution Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Police Pension and Retirement System

Plan description - The City of Pryor Creek, as the employer, participates in the Oklahoma Police Pension and Retirement Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

Benefits provided - OPPRS provides retirement, disability and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited services, regardless of age. Participants become vested upon completing 10 years of credited service. As a contributing participant of the Plan, no vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participant's final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective, July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$201,466.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$ 12,389	\$130,049
Changes of assumptions	49,194	--
Net difference between projected and actual earnings on pension plan investments	676,319	111,324
Changes in proportion and differences between City contributions and proportionate share of contributions	--	--
City contributions subsequent to the measurement date	<u>201,466</u>	<u>--</u>
Total	<u>\$939,368</u>	<u>\$241,373</u>

\$201,466 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30

2021	\$ 69,383
2022	143,634
2023	184,917
2024	107,502
2025	<u>(8,907)</u>
	<u>\$ 496,529</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	3.5% to 12% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined Table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and non-disabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined Table with age set forward 4 years with fully generational improvement using scale AA.</p>

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class:</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities and other strategies.

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Current Discount Rate (7.5%)	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$1,691,665	\$ 478,873	\$(419,312)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPR, which can be located on the Plan Administrative web site.

Oklahoma Firefighter's Pension and Retirement System

Plan description - The City of Pryor Creek, as the employer, participates in the Firefighters Pension and Retirement, a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

Benefits provided - FPRS provides retirement, disability and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$125,754.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a net pension liability of \$2,967,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.240908%.

\$107,302 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$378,245	\$ 39,820
Changes of assumptions	--	50,292
Net difference between projected and actual earnings on pension plan investments	209,928	166,306
City contributions subsequent to the measurement date	<u>125,754</u>	<u>--</u>
Total	<u>\$713,927</u>	<u>\$256,418</u>
Year ended June 30		
2021	\$ 63,043	
2022	122,470	
2023	91,045	
2024	<u>55,197</u>	
	<u>\$331,755</u>	

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for health lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

	Long-term Expected Real Rate of Return
Domestic equity	7.09%
International equity	9.19%
Fixed income	4.90%
Real estate	7.99%
Other assets	5.57%

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate (7.5%)	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$3,854,208	\$2,967,779	\$2,226,140

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS, which can be located on the Plan Administrative web site.

III Pryor Creek Public Employee Retirement System (PCPERS)

A. Plan Description

The City of Pryor Creek contributes to the Pryor Creek Public Employee Retirement System (PCPERS), which is a defined contribution pension plan administered by an insurance company. The PCPERS covers all employees of the City of Pryor Creek who are not covered by the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, or the employees of the Municipal Utility Department, which has a separate plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Coverage is extended to eligible employees who have completed 6 months of service and attained the age of 20.5. Contributions made by an employee vest immediately and contributions made by the City vest 10% for each year of service beginning with the first year.

B. Contributions Required and Made

Employees contributions to the plan are voluntary. An employee can, however, make elective contributions to the plan so that his or her contributions can be 10% of gross earnings. The City's required contribution to the plan is 9% of employee's gross earnings during the current year.

During the fiscal year ending June 30, 2021, the City's required and actual contributions amounted to \$184,662, with a current year covered payroll of \$2,130,329.

C. Related Party Investments

The PCPERS held no securities of the City or other related parties during the year or as of the close of the fiscal year.

IV. Municipal Utility Department of Pryor, Oklahoma Money Purchase Plan

A. Plan Description

The Municipal Utility Board contributes to the Municipal Utility Department of Pryor, Oklahoma Money Purchase Plan, (MUDPOMPP) which is a defined contribution pension plan administered by an insurance company. The MUDPOMPP covers all employees of the Department.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Coverage is extended to eligible employees who have completed one year of service and attained the age of 21. Contributions are not made by an employee and contributions made by the Department are vested 20% in the plan after two years of service. After six years, employees are fully vested.

Contributions Required and Made

Employee contributions to the plan are not allowed. The Department's required contribution to the plan was 12% for the year.

During the fiscal year ending June 30, 2021, the Department's required and actual contributions amounted to \$311,667, with a current year covered payroll of \$2,597,225.

B. Related Party Investments

The MUDPOMPP held no securities of the City or other related parties during the year or as of the close of the fiscal year.

4.B. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these various risks through the purchase of commercial insurance with varying deductibles. These deductibles are well below materiality levels for the City. Additionally, the Municipal Utility Department has reserves for replacement of assets as described in Note 3.J. During the last three years no claim has been settled for amounts in excess of insurance coverage.

4.C. Subsequent Events

In March 2021, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on future contributions, revenue, and investment income of the Organization. The occurrence and extent of such an impact will depend on future developments, including:

(1) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

The total financial impact of COVID-19 on the Organization cannot be determined at this time.

There were no other subsequent events to disclose as of July 13, 2022.

4.D. Commitments and Contingencies

As of July 13, 2022, there were no pending commitments and contingencies to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Such information includes:

Defined Benefit Cost Sharing Plans:

Police:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Fire:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Budgetary Comparison Schedules - General Fund and Street and Drainage Fund

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2021**

**Schedule of the City of Pryor's Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years***

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	0.3660%	0.3667%	0.3663%	0.3314%	0.3155%	0.3708%	0.4170%
City's proportionate share of the net pension liability (asset)	\$ (123,243)	\$ 14,994	\$ 551,848	\$ 25,492	\$ (150,292)	\$ (23,670)	\$ 478,873
City's covered employee payroll	\$ 1,063,308	\$ 1,084,017	\$ 1,054,994	\$ 986,806	\$ 1,205,704	\$ 1,465,497	\$ 1,585,955
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-11.590%	1.380%	52.310%	2.584%	-12.470%	1.620%	30.190%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.530%	99.820%	93.500%	99.680%	101.890%	100.240%	95.800%

* The amounts present for each fiscal year were determined as of 6/30 of the previous year.

Notes to the Schedule:

Only the current year and six previous years are presented because 10-year data is not yet available.

CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2021

Schedule of the City of Pryor's Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contributions	\$ 135,130	\$ 138,587	\$ 128,478	\$ 125,111	\$ 156,741	\$ 181,736	\$ 201,466
Contributions in relation to the statutorily required contribution	\$ 135,130	\$ 138,587	\$ 128,478	\$ 125,111	\$ 156,741	\$ 181,736	\$ 201,466
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 1,063,308	\$ 1,084,017	\$ 1,054,994	\$ 986,806	\$ 1,205,704	\$ 1,397,969	\$ 1,565,956
Contributions as a percentage of covered employee payroll	13%	13%	13%	13%	13%	13%	13%

Notes to the Schedule:

* Only the current year and six previous years are presented because 10-year data is not yet available.

CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2021

**Schedule of the City of Pryor's Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years***

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	0.216400%	0.215800%	0.216400%	0.196970%	0.184386%	0.211085%	0.240908%
City's proportionate share of the net pension liability (asset)	\$ 2,225,501	\$ 2,290,679	\$ 2,601,588	\$ 2,477,344	\$ 2,079,533	\$ 2,230,461	\$ 2,967,779
City's covered employee payroll	\$ 593,815	\$ 597,498	\$ 576,380	\$ 561,212	\$ 645,477	\$ 771,028	\$ 904,068
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	374.780%	383.400%	451.370%	441.428%	321.550%	289.280%	328.270%
Plan fiduciary net position as a percentage of the total pension liability (asset)	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

* The amounts present for each fiscal year were determined as of 6/30 of the previous year.

Notes to the Schedule:

Only the current year and six previous years are presented because 10-year data is not yet available.

**CITY OF PRYOR CREEK, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION PLAN FUNDING PROGRESS
FOR THE YEAR ENDED 6/30/2021**

**Schedule of the City of Pryor's Contributions
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years***

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contributions	\$ 81,592	\$ 82,511	\$ 77,421	\$ 75,816	\$ 90,367	\$ 107,302	\$ 125,754
Contributions in relation to the statutorily required contribution	\$ 81,592	\$ 82,511	\$ 77,421	\$ 75,816	\$ 90,367	\$ 107,302	\$ 125,754
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 593,815	\$ 597,498	\$ 576,380	\$ 561,212	\$ 645,477	\$ 771,028	\$ 904,068
Contributions as a percentage of covered employee payroll	13.74%	13.20%	13.43%	13.51%	14.00%	14.00%	14.00%
Contributions per volunteer fireman	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60

Notes to the Schedule:

* Only the current year and six previous years are presented because 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund and street and Drainage Fund

**CITY OF PRYOR CREEK, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget Positive (Negative)
Beginning budgetary fund balance	<u>\$ 3,180,067</u>	<u>\$ 3,180,067</u>	<u>\$ 3,192,907</u>	<u>\$ 12,840</u>
Resources (inflows)				
Taxes				
Cable TV franchise	20,452	20,452	48,600	28,148
Telephone franchise	4,825	4,825	4,921	96
Sales tax	3,926,974	3,926,974	4,549,379	622,405
Utility gross receipts tax	7,012	7,012	7,734	722
Cigarette tax	76,895	76,895	92,618	15,723
Use tax	<u>1,070,198</u>	<u>1,070,198</u>	<u>982,003</u>	<u>(88,195)</u>
Total taxes	<u>5,106,356</u>	<u>5,106,356</u>	<u>5,685,255</u>	<u>578,899</u>
Intergovernmental				
Alcoholic beverage tax	107,203	107,203	134,283	27,080
Grants and donations	<u>243,296</u>	<u>243,296</u>	<u>142,869</u>	<u>(100,427)</u>
Total intergovernmental	<u>350,499</u>	<u>350,499</u>	<u>277,152</u>	<u>(73,347)</u>
Charges for services				
Burial plots, etc.	27,557	27,557	37,891	10,334
Library	1,907	1,907	875	(1,032)
Swimming pool	<u>17,609</u>	<u>17,609</u>	<u>--</u>	<u>(17,609)</u>
Total charges for services	<u>47,073</u>	<u>47,073</u>	<u>38,766</u>	<u>(8,307)</u>
Fines and forfeitures				
Police fines	<u>175,299</u>	<u>175,299</u>	<u>149,003</u>	<u>(26,296)</u>
Licenses and permits				
Various licenses	<u>82,607</u>	<u>82,607</u>	<u>118,984</u>	<u>36,377</u>
Investment income	<u>19,101</u>	<u>19,101</u>	<u>7,530</u>	<u>(11,571)</u>
Miscellaneous				
Reimbursements	41,619	41,619	305,355	263,736
Rentals	24,139	24,139	27,614	3,475
Sale of assets	235	235	--	(235)
Miscellaneous	<u>53,388</u>	<u>53,388</u>	<u>41,609</u>	<u>(11,779)</u>
Total miscellaneous	<u>119,381</u>	<u>119,381</u>	<u>374,578</u>	<u>255,197</u>

**CITY OF PRYOR CREEK, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Other financing sources				
Operating transfers in	<u>952,242</u>	<u>952,242</u>	<u>1,281,363</u>	<u>329,121</u>
Amounts available for appropriation	<u>10,032,625</u>	<u>10,032,625</u>	<u>11,125,538</u>	<u>1,092,913</u>
General Government				
General government	2,530,354	2,510,354	713,731	1,796,623
City Clerk	368,209	368,209	281,122	87,087
City Treasurer	24,731	24,731	24,509	222
Planning and Zoning	8,000	8,000	2,989	5,011
Maintenance Garage	--	--	4,587	(4,587)
Building Inspector	246,374	246,374	100,787	145,587
Mayor and Council	<u>220,403</u>	<u>220,403</u>	<u>196,244</u>	<u>24,159</u>
Total General Government	<u>3,398,071</u>	<u>3,378,071</u>	<u>1,323,969</u>	<u>2,054,102</u>
Public Safety				
City Attorney	73,370	73,370	343,612	(270,242)
Municipal Court	156,522	156,522	126,658	29,864
Police	3,340,664	3,340,664	3,199,939	140,725
Animal Control	253,368	253,368	222,768	30,600
Civil Defense	--	20,000	19,316	684
Fire	<u>1,583,478</u>	<u>1,583,478</u>	<u>1,497,424</u>	<u>86,054</u>
Total Public Safety	<u>5,407,402</u>	<u>5,427,402</u>	<u>5,409,717</u>	<u>17,685</u>
Cultural Park and Recreation				
Park	492,960	492,960	382,111	110,849
Library	482,919	482,919	422,885	60,034
Cemetery	<u>251,273</u>	<u>251,273</u>	<u>242,481</u>	<u>8,792</u>
Total Cultural Park and Recreation	<u>1,227,152</u>	<u>1,227,152</u>	<u>1,047,477</u>	<u>179,675</u>
Total Charges to Operations	<u>10,032,625</u>	<u>10,032,625</u>	<u>7,781,163</u>	<u>2,251,462</u>
Ending Budgetary Fund Balances	<u>\$ --</u>	<u>\$ --</u>	3,344,375	<u>\$3,344,375</u>
Adjustments to reconcile to balance sheet				
Various receivables			969,497	
Accrued compensated absences			(36,349)	
Fund Balance			<u>\$ 4,277,523</u>	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

Combining Statements - Nonmajor governmental funds

CITY OF PRYOR CREEK, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

SPECIAL REVENUE FUNDS

	E-911 Cash Fund	County-Wide Fire Dept. Funds	Cemetery Care Interest Fund	Cemetery Care Fund	Covid Relief Fund	Seizures Fund	Library Cash Fund	Donations & Earmarked Monies Fund	Public Works Authority	Hotel & Motel Tax Fund	Fee In-Lieu Fund
ASSETS											
Cash	\$ 7,818	\$ 308,385	\$ 14,627	\$ 146,088	\$ 580,066	\$ 176	\$ 73,695	\$ 263,342	\$ 63,125	\$ 111,844	\$ (7,620)
Taxes receivable	3,881	16,686	-	-	-	-	-	-	-	12,142	-
Due from other funds	-	-	-	-	-	-	-	-	3,230	-	-
Total assets	<u>11,699</u>	<u>325,071</u>	<u>14,627</u>	<u>146,088</u>	<u>580,066</u>	<u>176</u>	<u>73,695</u>	<u>263,342</u>	<u>66,355</u>	<u>123,986</u>	<u>(7,620)</u>
LIABILITIES											
Accounts payable	2,128	-	-	54,840	-	-	-	6,150	4,600	-	-
Accrued expenses	-	-	-	-	-	-	-	-	44	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,128</u>	<u>--</u>	<u>--</u>	<u>54,840</u>	<u>-</u>	<u>--</u>	<u>-</u>	<u>6,150</u>	<u>4,644</u>	<u>--</u>	<u>-</u>
FUND BALANCES											
Restricted	9,571	325,071	14,627	91,248	35,848	-	73,695	257,192	61,711	2,500	-
Assigned	-	-	-	-	544,218	176	-	-	-	121,486	(7,620)
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>9,571</u>	<u>325,071</u>	<u>14,627</u>	<u>91,248</u>	<u>580,066</u>	<u>176</u>	<u>73,695</u>	<u>257,192</u>	<u>61,711</u>	<u>123,986</u>	<u>(7,620)</u>
Total liabilities and fund balances	<u>\$ 11,699</u>	<u>\$ 325,071</u>	<u>\$ 14,627</u>	<u>\$ 146,088</u>	<u>\$ 580,066</u>	<u>\$ 176</u>	<u>\$ 73,695</u>	<u>\$ 263,342</u>	<u>\$ 66,355</u>	<u>\$ 123,986</u>	<u>\$ (7,620)</u>

Main Street Fund	Economic Trust Development Authority	Police Cash Fund	Special Revenue Funds Total	CAPITAL PROJECTS					Total Non-major Governmental Funds
				Capital Outlay Fund	Capital Outlay Reserve Fund	Real Property Acquisition Fund	Library Building Fund	Capital Projects Funds Total	
\$ 180,187	\$ 34,050	\$ 29,881	\$ 1,805,664	\$ 450,233	\$ 399,690	\$ 287,093	\$ 17,575	\$ 1,154,591	\$ 2,960,255
20,930	-	-	53,639	94,186	-	-	-	94,186	147,825
-	-	-	3,230	-	-	-	-	-	3,230
<u>201,117</u>	<u>34,050</u>	<u>29,881</u>	<u>1,862,533</u>	<u>544,419</u>	<u>399,690</u>	<u>287,093</u>	<u>17,575</u>	<u>1,248,777</u>	<u>3,111,310</u>
-	-	-	67,718	102,671	-	3,825	-	106,496	174,214
-	-	-	44	-	-	-	-	-	44
-	-	-	-	-	-	-	-	-	-
-	-	-	67,762	102,671	-	3,825	-	106,496	174,258
201,117	34,050	-	1,106,630	441,748	-	-	17,575	459,323	1,565,953
-	-	29,881	688,141	-	399,690	283,268	-	682,958	1,371,099
-	-	-	-	-	-	-	-	-	-
<u>201,117</u>	<u>34,050</u>	<u>29,881</u>	<u>1,794,771</u>	<u>441,748</u>	<u>399,690</u>	<u>283,268</u>	<u>17,575</u>	<u>1,142,281</u>	<u>2,937,052</u>
<u>\$ 201,117</u>	<u>\$ 34,050</u>	<u>\$ 29,881</u>	<u>\$ 1,862,533</u>	<u>\$ 544,419</u>	<u>\$ 399,690</u>	<u>\$ 287,093</u>	<u>\$ 17,575</u>	<u>\$ 1,248,777</u>	<u>\$ 3,111,310</u>

CITY OF PRYOR CREEK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

SPECIAL REVENUE FUNDS

	E-911 Cash Fund	County- Wide Fire Dept. Funds	Cemetery Care Interest Fund	Cemetery Care Fund	Covid Relief Fund	Seizures Fund	Library Cash Fund	Donations/ Earmarked Monies Fund	Public Works Authority	Hotel & Motel Tax Fund	Fee-In Lieu Fund
REVENUES											
Sales tax		\$ 97,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	13,075	-	-	-	-	-	-	-	-	78,556	-
Grants/contributions		-	-	-	580,066	-	15,316	77,149	-	-	-
Asset Sales/Ins Reimb		-	-	-	-	-	85	50,798	-	-	-
Interest	6	-	-	-	-	-	103	210	54	-	-
Franchise taxes		-	162	-	-	-	-	-	37,983	-	-
Fees and service		-	-	12,369	-	-	-	-	-	-	-
Police Fines		-	-	-	-	-	-	-	-	-	-
Miscellaneous	4,786	-	-	-	-	-	-	6,478	-	-	-
Total revenues	17,867	97,765	162	12,369	580,066	-	15,504	134,635	38,037	78,556	-
EXPENDITURES											
Current											
Library		-	-	-	-	-	10,133	-	-	-	-
Park		-	-	-	-	-	-	-	-	-	-
Police	23,262	-	-	-	-	-	-	49,765	-	-	-
Tourism		-	-	-	-	-	-	-	-	72,406	-
General Gov't		-	-	-	-	-	-	-	31,759	-	8
Fire		25,241	-	-	-	-	-	2,568	-	-	-
Cemetery		-	-	56,975	-	-	-	-	-	-	-
Capital outlay		-	-	-	-	-	-	-	-	-	-
Note payments		-	-	-	-	-	-	-	-	-	-
Interest expense		-	-	-	-	-	-	-	-	-	-
Total expenditures	23,262	25,241	-	56,975	-	-	10,133	52,333	31,759	72,406	8
Excess (deficiency) of revenues over expenditures	(5,395)	72,524	162	(44,606)	580,066	-	5,371	82,302	6,278	6,150	(8)
OTHER FINANCING SOURCES/USES											
Transfers in	4,258	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	4,258	-	-	-	-	-	-	-	-	-	-
Net change in Fund balance	(1,137)	72,524	162	(44,606)	580,066	-	5,371	82,302	6,278	6,150	(8)
Fund balance, Beginning	10,708	252,547	14,465	135,854	-	176	68,324	174,890	55,433	117,836	(7,612)
Fund balance, Ending	\$ 9,571	\$ 325,071	\$ 14,627	\$ 91,248	\$ 580,066	\$ 176	\$ 73,695	\$ 257,192	\$ 61,711	\$ 123,986	\$ (7,620)

CAPITAL PROJECTS									
Main Street Fund	Economic Trust Development Authority	Police Cash Fund	Special Revenue Funds Total	Capital Outlay Fund	Capital Outlay Reserve Fund	Real Property Acquisition Fund	Library Building Fund	Capital Projects Funds Total	Total Non-major Governmental Funds
\$ 120,280	\$ -	\$ -	\$ 218,045	\$ 541,258		\$ -	\$ -	\$ 541,258	\$ 759,303
-	-	-	91,631	-		-	-	-	91,631
-	-	-	672,531	-		-	-	-	672,531
-	34,050	-	84,933	-		-	-	-	84,933
88	-	27	488	448	306	370	19	1,143	1,631
-	-	-	38,145	-		-	-	-	38,145
-	-	-	12,369	-	11,737	19,132	-	30,869	43,238
-	-	8,310	8,310	-		-	-	-	8,310
-	-	-	11,264	-	6,153	-	-	6,153	17,417
<u>120,368</u>	<u>34,050</u>	<u>8,337</u>	<u>1,137,716</u>	<u>541,706</u>	<u>18,196</u>	<u>19,502</u>	<u>19</u>	<u>579,423</u>	<u>1,717,139</u>
-	-	-	10,133		-	-	-	-	10,133
-	-	-	-		-	-	-	-	-
-	-	2,355	75,382	32,581	-	-	-	32,581	107,963
-	-	-	72,406	-	-	-	-	-	72,406
-	-	-	31,767	3,200	-	42,690	-	45,890	77,657
-	-	-	27,809	-	-	-	-	-	27,809
-	-	-	56,975	-	-	-	-	-	56,975
-	-	-	-	192,598	-	147,842	-	340,440	340,440
-	-	-	-	132,440	-	-	-	132,440	132,440
-	-	-	-	5,593	-	-	-	5,593	5,593
-	-	2,355	274,472	366,412	-	190,532	-	556,944	831,416
<u>120,368</u>	<u>34,050</u>	<u>5,982</u>	<u>863,244</u>	<u>175,294</u>	<u>18,196</u>	<u>(171,030)</u>	<u>19</u>	<u>22,479</u>	<u>885,723</u>
-	-	-	4,258	-	200,000	-	-	200,000	204,258
-	-	-	-	(319,465)	-	-	-	(319,465)	(319,465)
-	-	-	4,258	(319,465)	200,000	-	-	(119,465)	(115,207)
120,368	34,050	5,982	867,502	(144,171)	218,196	(171,030)	19	(96,986)	770,516
80,749	-	23,899	927,269	585,919	181,494	454,298	17,556	1,239,267	2,166,536
<u>\$ 201,117</u>	<u>\$ 34,050</u>	<u>\$ 29,881</u>	<u>\$ 1,794,771</u>	<u>\$ 441,748</u>	<u>\$ 399,690</u>	<u>\$ 283,268</u>	<u>\$ 17,575</u>	<u>\$ 1,142,281</u>	<u>\$ 2,937,052</u>



Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
City of Pryor Creek, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Pryor Creek, Oklahoma, as of and for the year ended June 30, 2021, which collectively comprise the City of Pryor Creek, Oklahoma's basic financial statements and have issued our report thereon dated July 13, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pryor Creek, Oklahoma internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Pryor Creek, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pryor Creek, Oklahoma's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in the internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pryor Creek, Oklahoma financial statements are free of material misstatement, we performed tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

HOOD & ASSOCIATES CPAs, P.C.

5350 E 48th Suite 130 Tulsa, OK 74135 918-747-7000 Fax 918-743-7525 www.hoodcpas.com
1621 SE Washington Blvd., Bartlesville, OK 74005 918-336-7600 Fax 918-333-7600
323 W 1st St., Claremore, OK 74017 918-341-1930 Fax 918-342-3183
2310 N Hwy 66 Suite A, Catfish, OK 74015 918-739-4662 Fax 918-739-4664

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood & Associates, CPAs, PC.

Hood & Associates CPAs, PC

July 13, 2022

City of Pryor Creek, Oklahoma
Schedule of Findings and Results - Prior Year
For the Year Ended June 30, 2021

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2020.

City of Pryor Creek, Oklahoma
Schedule of Findings and Results - Current Year
For the Year Ended June 30, 2021

There were no significant audit findings noted during the audit performed for the fiscal year ended June 30, 2021.